



Customer Order for Goods

Once customer orders the goods, it is the duty of the retailer to process the order. Retailer should save the customer data in a central database for procuring suppliers and invoicing customer orders.

Procuring supplies includes sourcing of goods, doing basic activities, such as negotiation for deal and selection of goods and services strategically that are usually important to an organisation for supply. It keeps a check on which items are available and if not in stock, which suppliers/manufacturers can provide them in a stipulated time.

It is an important duty of the retailer to provide information to the customer. The customer must be informed about the progress of the order using Customer Data Management which is a software used to track customer information and survey customer to obtain their feedback.

This unit focusses on knowledge and skills essential for a retail cashier while handling customer order of goods, managing business concerns.

To provide knowledge and skills on these aspects, the unit is divided into four sessions. In the first session an attempt is made to study obtaining customer orders whereas the second session is devoted to procuring supplies, the third session explains the information to customers and the fourth session narrates invoicing customer orders.

SESSION 1: PROCESSING CUSTOMER ORDERS FOR GOODS

The customer order is issued by a retail customer to a retail business firm for products and/or services. Usually customer service representative takes an order from a customer and places it with the management.

Steps involved in obtaining customer orders

The following points (Fig. 3.1) must be kept in mind to get customer orders:

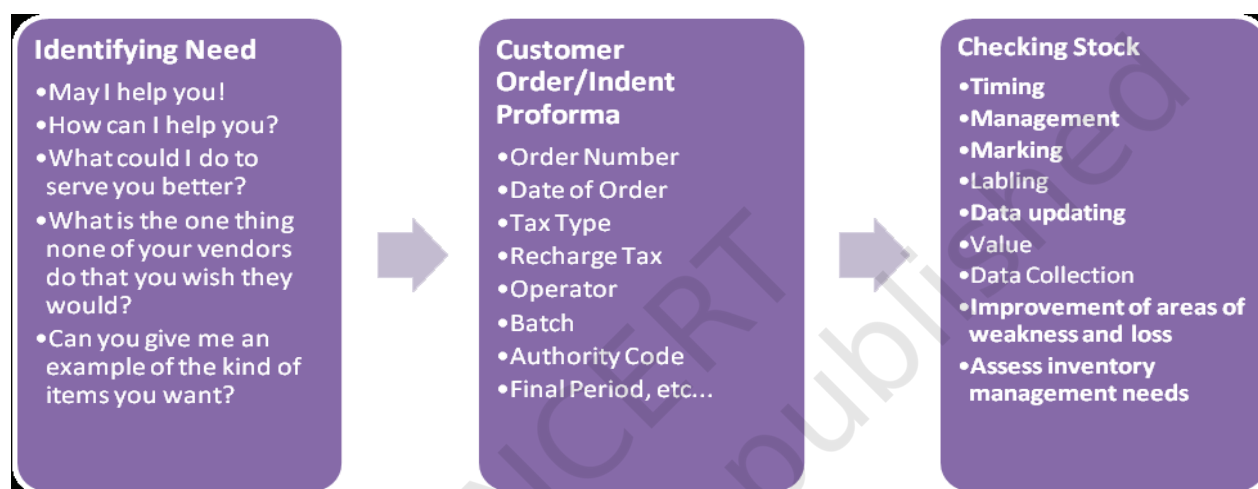


Fig. 3.1 Obtaining Customer Orders

(a) Identifying need: In order to identify the needs of the customer, sales/ customer service representative should ask right questions/uncovered questions to the customers. Like—

- May I help you!
- How can I help you?
- What could I do to serve you better?
- What is the one thing none of your vendors do that you wish they would?
- Can you tell me the name of items you want?

In this way customers need should be identified.

(b) Customer order/indent proforma: A proforma is a document used for commitment, in which the seller commits to the buyer to sell the goods on time and for a specific price with certain terms and conditions.



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A Customer Order/Indent Proforma contains the following:

- Order Number
- Date of Order
- Tax Type
- Recharge Tax
- Operator
- Batch
- Authority Code
- Final Period
- Originator
- Buyer
- Supplier Code
- For Attention
- Currency
- Delivery Code
- Expected Delivery Date
- Stock Total
- Direct Items
- Order Totals
- Target Authoriser

Checking stock

Stock checking in regular intervals is a necessary process to meet customers' needs. It is an important duty of a retailer because unavailability of stock may lead to cancel/delay in meeting customer orders. Following steps are necessary for checking stocks:

- **Timing:** The best time to conduct stock taking is when it will cause least amount of disruption to regular business operations.
- **Management:** Managers having organisational skills are appointed to head the stock taking and give tasks to the team with all the necessary equipment required, such as portable barcode scanners, stock register, clipboards, pens and calculators.
- **Marking:** For avoiding double counting of goods the staff must mark each counted item so that they know the uncounted stock items.
- **Labelling:** It shows the correct information about the goods. It also helps in keeping the record of goods.

- **Data updating:** It ensures updated data is used before a stock is taken out.
- **Value:** Price the stock correctly and recommend retail prices.
- **Data collection:** Once an accurate count of all stock levels is done, it is important to gather most essential data that will allow pinpointing areas of loss as result of bad business practice, theft and obsolescence.
- **Improvement in weakness and loss:** List out the stock with damages, theft and tampering. A plan is drawn to sell that stock, and then adopt the measures to prevent pilfering and damage taking place on vulnerable stock.
- **Assess inventory management needs:** Regular stock counting helps the business to analyse their inventory management and thereby optimise productivity and boost profitability.

Delivery of customers' orders

Following steps are carried out in delivery of customer order for goods.

- **Order configuration:** Matching the order items with the available options.
- **Order booking:** Formal order placement of the deal (issuing of Purchase Order for the customer).
- **Order confirmation:** Order is booked or received by supplier.
- **Invoicing/billing:** Presenting the commercial invoice or bill to customer.
- **Order planning:** Identifying the source/location of item(s) to be shipped.
- **Order changes:** Changing the order size, if needed.
- **Order processing:** It is the step where the distribution centre or warehouse is responsible to fill the order.
- **Shipment:** Shipment and transportation of the goods to the customer.
- **Track & Trace:** Determine the current and past locations of the goods during transit.
- **Delivery:** Delivery of goods to customer.
- **Settlement:** Payment of goods or services.

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- **Returns:** In case, goods are unacceptable, damaged or not required.

In this way the Customer Orders for goods are processed.

Practical Exercise

Activity 1

Observe the process of obtaining customers' orders and making supplies in retail stores.

Materials required

Pen/pencil, notebook and a checklist.

Procedure

1. Visit a local retail market/mall in appropriate groups.
2. Meet the executive and greet him/her.
3. Survey how the retailer meets the customer's order.
4. Observe how they deliver the customer's order to the manufacturers?
5. Make your notes, finalise with friends and confirm with the executive.
6. Prepare a report for the same and submit to the subject teacher.

Check your progress

A. Fill in the Blanks

1. Customer order is order issued by a _____ customer to a business firm for products and/or services.
2. Creating _____ for customer determining what customer wants to procure.
3. A proforma is a document used for commitment, in which _____ commits to the buyer.
4. Stock checking at regular _____ is a necessary process to meet customers' needs.
5. Regular stock counting helps business in streamlining their _____ management.

B. State whether the following are True or False

1. Customer Service Representative does not take an order from a customer and/or place on his behalf with the firm.
2. Stock checking is an important duty of a buyer because unavailability of stock may lead to cancel/delay in meeting customer orders.



3. The best time to conduct stock taking is when it will cause the least amount of disruption to regular business operations.
4. It is important to price the stock correctly according to the most current cost prices and Recommended Retail Prices (RRP).

C. Short Answer Questions

1. What is customer order?
2. What are the steps involved in obtaining customer order?
3. How can one identify customer needs? Explain with a suitable example.
4. What are the necessary steps that should be taken for checking stocks?
5. What are the necessary steps that are carried out in delivery of customers order for goods?
6. What is a proforma?
7. What are the contents of proforma?

D. Check Your Performance

1. Demonstrate the steps involved in obtaining customer orders in retail store.
2. Perform role play on obtaining order and make supplies of the merchandise.

SESSION 2: PROCURING SUPPLIES

Meaning of procuring supplies

‘Procurement’ is the process of obtaining goods and services. It refers to acquiring, finding and buying goods and services from external sources through tender of competitive bidding. The buyer receives goods and services at the minimum price and benefits in other aspects as well, such as quantity, quality, time, and location.

Sources of procuring supplies

Procuring supplies means to know the process and timing of when a product is procured. A proposal is a basic source of supply, which is used for determining

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the needs automatically or interactively. The system uses a source to create procurement proposal.

The sources of procuring supplies are classified into two parts, i.e., external and internal. Now, we will discuss with the help of Fig. 3.2.

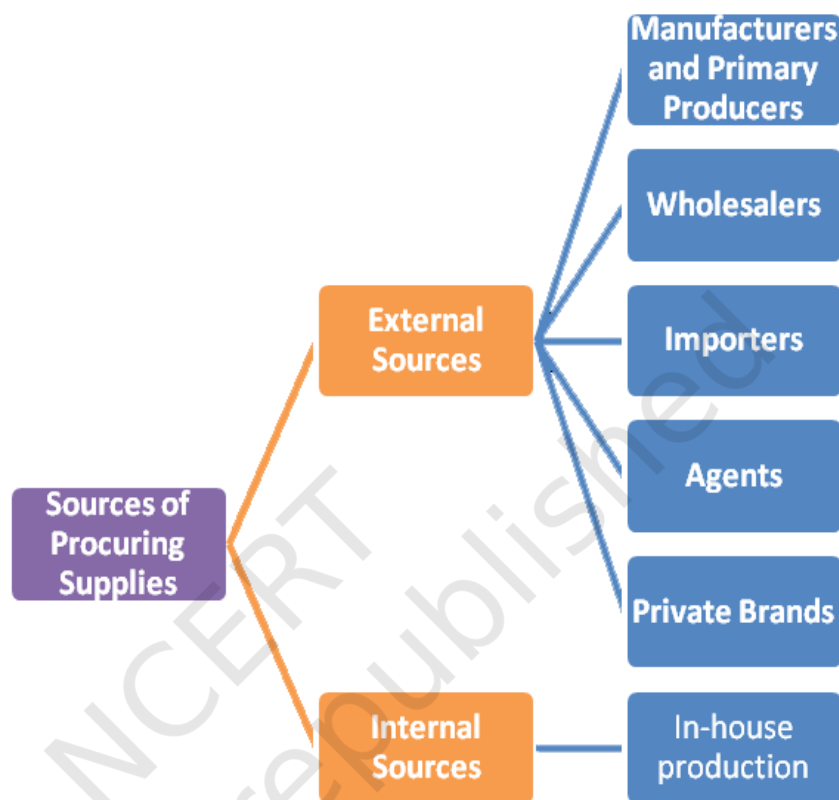


Fig. 3.2 Sources of Procuring Supplies

External Sources

The external sources of procuring supplies are as follows:

- (a) Manufacturers and primary producers:** Normally a manufacturer produces a limited range of goods and vary considerably in nature and distributive services, which they provide.
- (b) Wholesalers:** Wholesaler carry stock at their own risk in either wide or more limited assortments. Retailers normally buy merchandise carried through wholesalers or distributors.
- (c) Importers:** Importers are usually linked in the range of merchandise carried and the extent of the services provided. Also they may be specialised by the type of goods produced or by the products of a particular country or area.

(d) Agents: Agents are the intermediaries and never carry stock at their own risk. It includes brokers who look after marketing of manufacturers or importers product.

(e) Private brands: These products are developed and marketed by the retailers themselves. It is also called store brands. They provide higher margins to the retailer than international or national manufacturers' brand. These kind of brands are available to retailers through their own manufacturing facilities.

Internal sources

In internal sources, in-house production is done, a product is procured by producing it.

In-house production takes place in different locations. Therefore, no transportation lanes are involved.

In the above diagram, the external sources and internal sources of processing supplies have been shown. Where External source of supply includes—demand, environment and supply and internal source of supply includes—process, mitigation contingency and control.

Selecting the suppliers

Supplier selection is a very important process, which enables to meet the demanded items or orders of the customers. While selecting a supplier the following factors are kept in mind (Fig. 3.3):

(a) Price: This is one of the key factors for supplier selection. Introducing extra trade discount for the bulk purchases should be done carefully.

(b) Terms: This factor implies the length of credit, size of cash discount, conditions and benefits as compared to the other suppliers.

(c) Delivery: Quick and prompt delivery may be dynamic for retailers in high volume sales situations. Mode of delivery, safety of goods transported, etc., comes under this factor.



Fig. 3.3 Factors that effect the selection of the supplies



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(d) Service: This factor includes all the services that a supplier provides to a buyer. Continuous evaluation should be made between the suppliers in terms of the following:

- Price comparisons including discounts and efficiency of delivery backup.
- Level of service and introduction of new lines, etc.

Practical Exercise

Activity 1

Field visit for observing of procurement and selection of supplies.

Materials required

Pen/pencil, notebook and checklist

Procedure

1. Visit a local retail market/mall.
2. Meet the executives, greet them and convey the purpose.
3. Survey the sources of procuring supply.
4. Ask about the selection of suppliers.
5. Prepare a report for the same after discussing with your friends and confirm with executive.
6. Submit the report to the teacher.

Check your Progress

A. Fill in the Blanks

1. _____ acquires, finds, and buys goods from external sources through tender of competitive bidding.
2. The sources of procuring supplies are classified into two parts, i.e., _____ and _____.
3. Normally _____ produces limited range of goods and vary considerably in nature of distributive services, which they provide.
4. A _____ of supply defines how or where a product is procured.
5. _____ are the intermediaries and never carry stock at their own risk.

B. State whether the following are True or False

1. The sources of procuring supplies are classified into three parts.
2. Retailers normally buy merchandise carried through wholesalers or distributors.
3. Agents are the intermediaries and carry stock at their own risk.
4. Sources of supply for in-house production are production process models.
5. Price comparisons include discounts and efficiency of delivery backup.

C. Short Answer Questions

1. Which are the sources of procuring supplies?
2. Determine the factors for selecting a supplier? A suitable example.

D. Check Your Performance

1. Demonstrate the steps to carry out in delivery of customer order for goods.

SESSION 3: CUSTOMER INFORMATION**Meaning of customer information**

Providing accurate information to customers is an important duty of a retailer. A customer must be given understandable, precise and complete information about the terms of supply. If there are any delays in fulfilling the order, the customers must be informed quickly.

The customers must be provided with the legal and company's procedure and requirements regarding checking the customer's identity, credit status, and customer confidentiality. The company's procedures should be clearly formulated for storing the customers' information securely. The details of customers are necessary for the firm so that the material can be served to them in the best possible manner. In order to get customer information and to provide necessary



information about the products and services, the retailer uses a software known as Customer Data Management.

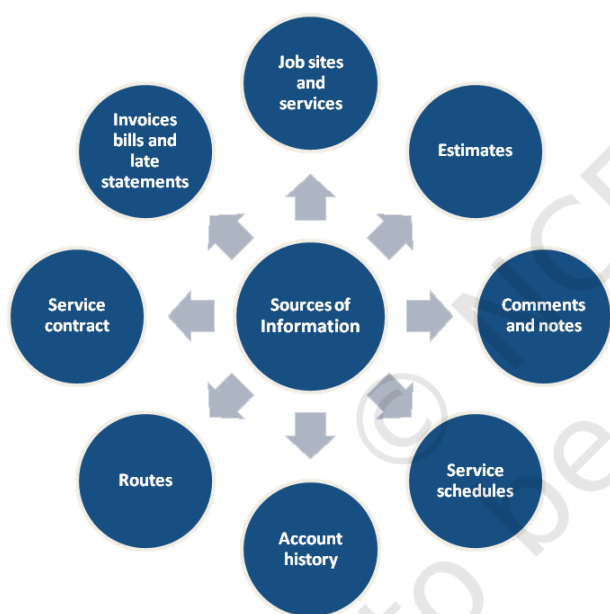
Customer data management (CDM)

Customer Data Management (CDM) is a software by which retail business organisations record the customers' information for future endeavours.

The function of CDM is collecting customer data, analysing and organising the data, reporting and sharing of customer information throughout the retail store.

Sources of information

As shown in Fig. 3.4, the customer's information is collected from various fields. Information about the following are collected:



- **Job sites and services:** Under this comes the information of the customer's office name, address, his/her position in the firm, etc.

- **Estimates:** Under this head comes different estimates regarding customers' buying power, incomes, etc.

- **Comments and notes:** Personal information comes under this head, home address, age, family, etc.

- **Service schedules:** Here comes the information related to a customer's daily routine to office, holidays, etc.

- **Account history:** Customer's payment history, paid charges, etc., lies here.

- **Routes:** Here lies the route to customer's office and home, which is important for delivery purpose.

- **Service contract:** The nature of service of the customer is stated here, whether permanent or contractual, and if contractual the procedure of renewal of contract.

- **Invoice bills and late statements:** Customers' different types of bills and statements are quoted here.

Customer's confidentiality

Confidentiality defines keeping the client's information confidential and not sharing it with others.

Maintaining confidentiality includes securing:

- individual files—they must be locked and secured
- personal information about clients
- clients' medical details
- financial details

Confidential information

The types of information that is considered confidential can include the following.

- Name, date of birth, age, sex and address
- Bank details
- Personal care issues
- Individual personal plans
- Assessments or reports
- Guardianship orders
- Customer income

Practical Exercise

Activity 1

Field visit to observe the maintenance of customer information in retail store

Materials required

Pen, pencil, notebook and checklist

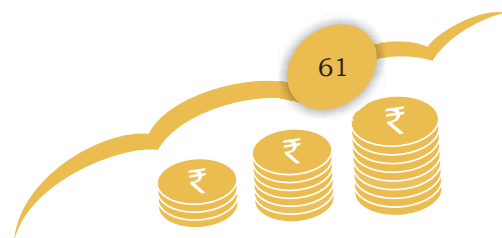
Procedure

1. Visit your local store/mall.
2. Meet the executive and greet him.
3. Tell the purpose of the visit.
4. Undertake a survey on identifying different fields of information of a customer and customer's confidentiality that the particular store/mall practices and prepare a report for the same and submit the report to the subject teacher.

Practical Questions

1. Conduct a role play in the class on getting customer information, providing and maintaining confidentiality.

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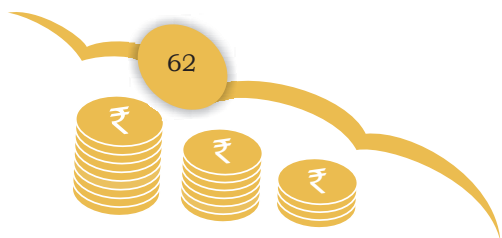


Check your Progress**A. Fill in the Blanks**

1. Providing accurate information to the _____ is an important duty of a retailer.
2. The company's _____ should be clearly formulated for storing customer's information securely.
3. Customer Data Management is the software in which _____ organisations keep customer information.
4. Business firms need a thorough understanding of _____ needs.
5. Confidentiality means keeping a client's _____ confidential and not telling others.

B. Multiple Choice Questions

1. The function of CDM is _____.
(a) collecting
(b) organising
(c) analysing and reporting
(d) All (a), (b) and (c)
2. Providing accurate information to the customers is an important duty of a _____.
(a) retailer
(b) manufacturer
(c) producer
(d) None of the above
3. Customer's information is collected from various fields like—
(a) invoice
(b) service contract
(c) accounts history
(d) All (a), (b) and (c)
4. Confidentiality in terms of customers' information means _____.
(a) individual files are locked and secured
(b) clients' medical details are not disclosed
(c) information about other clients
(d) adult clients have the right to keep any information about themselves confidential
5. There are several instances where total confidentiality is _____.
(a) impossible
(b) undesirable
(c) illegal
(d) All (a), (b) and (c)



C. Short Answer Questions

1. What is CDM?
2. Why is it important to keep a customer's information confidential?
3. What are the instances under which total confidentiality is impossible, undesirable or illegal?

E. Check Your Performance

1. Demonstrate the functions of Customer Data Management in a retail store.
2. Identify the sources of customer's information from different fields.
3. Demonstrate the information that is considered confidential in retail business.
4. Demonstrate the information that is impossible keep confidential in retail business.

SESSION 4: INVOICE**Meaning of invoice**

Invoice is a written and non-negotiable commercial instrument issued by a seller to a buyer. An invoice contains date of shipment, transportation mode, prices and discounts, place of delivery and terms of payment. Sometimes it serves as a demand for payment.

- Every invoice has a unique identification number also called invoice number. It is used as a reference number by both the parties — internal and external. Many times the invoice becomes a commercial instrument for both the buyer and the seller.

Types of invoice

The types of invoice used in retail industry have been shown in Fig. 3.5. The heads of the invoice includes:

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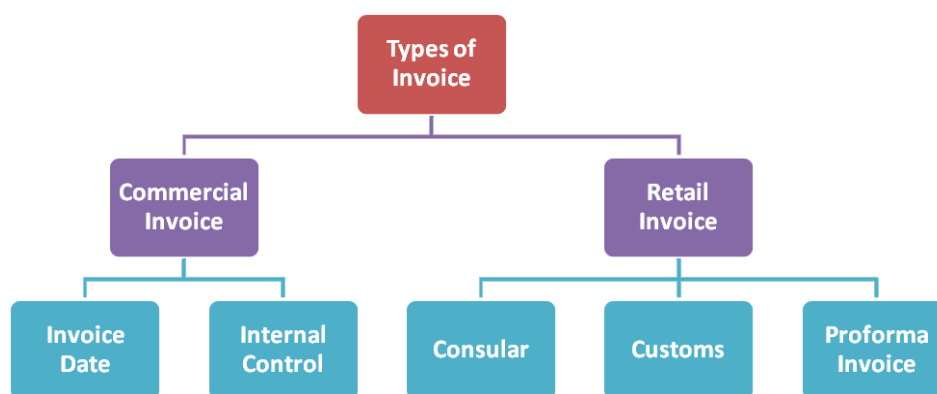


Fig. 3.5 Types of Invoice

Commercial invoice

The written document which notes the transaction between buyer and seller. The invoice usually specifies terms and condition and method of payment. It is also called bill or sales invoice. A commercial invoice also helps in tracing the quantity of product available after the sale takes place.

The following can be checked with the help of a commercial invoice:

- (a) **Invoice date:** The date of invoice represents when the goods are billed. It is also helpful in identifying the mode of payment, due dates, and due amount in the bill.
- (b) **Internal control:** Charges on an invoice must be approved by the responsible management person. An invoice must match with purchase order and after reconciling the information; payment is made for approved transactions.

Retail Invoice

The retail invoices are of the following types:

- (a) **Proforma invoice:** It is the document of commitment from seller to buyer, in which a seller promises a buyer to provide goods at specified prices.
- (b) **Consular invoice:** It is used by the exporter of the other country. It is a written document, submitted to the embassy of the country from where the goods are exported before the goods are sent abroad.

(c) Customs Invoice: It is used by the exporter state in which the description of goods, quantity of goods and selling price, goods freight, insurance terms and conditions, cost of packaging, conditions of delivery and payment, weight/volume of goods are mentioned. Among all the invoices, the commercial invoice is the most appropriate for retail operations.

Contents of an invoice

An invoice generally contains the following (see Fig. 3.6):

- (a) Company information:** It is required to have the correct legal name of the company, business address, and business phone number. E-mail and fax number are listed accurately at the top of the invoice. Also the Payer Company and Payee Company is differentiated by labelling each of them.
- (b) Header:** Be sure to label the document as an invoice in the header. This way, any confusion is minimised.
- (c) Date, invoice number and unique identifier:** With each invoice the information about the company's respective payer and payee, date on which invoice is issued and invoice number or another unique identifier is given.
- (d) List of goods and services:** The listing includes:
 - Name
 - Date
 - Rate
 - Quantity of goods
- (e) Terms and conditions:** Terms of payment are extremely important on invoice. Standard payment conditions vary with industry, company's preference and relationship with the client.
- (f) Total amount due:** The amount due should be displayed on the invoice.

Apart from the information discussed above, the invoice may include some more information which is useful for retail operations.



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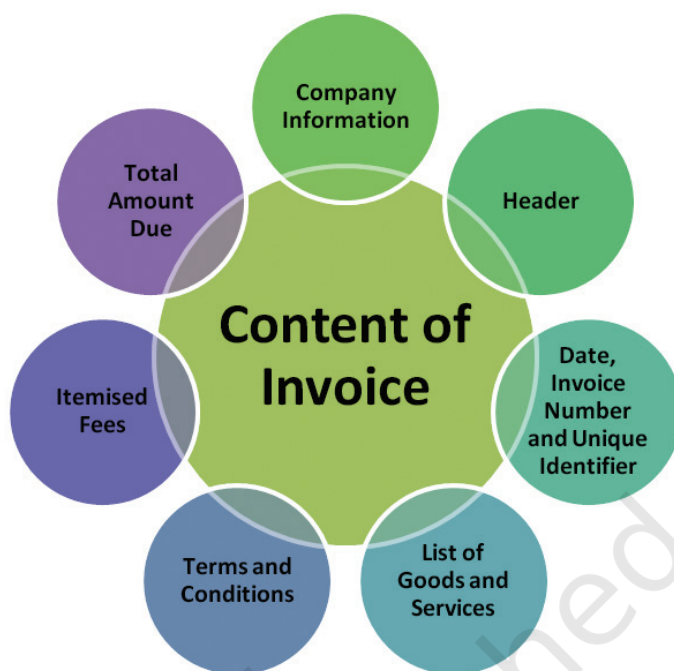


Fig. 3.6 Content of Invoice

Practical Exercise

Activity 1

Field visit to undertake a survey on identifying the types of invoices the retailers maintain.

Materials required

Pen, pencil, notebook and checklist

Procedure

1. The teacher to make groups of students with five in each group and ask them to visit a local store/mall.
2. The students should meet the manager and tell him the purpose of visit and take permission for the visit.
3. Conduct a survey.
4. Prepare a report about the same in 100 words.

Questions for survey

- (a) How many (kinds of) invoices do you maintain in your store?
- (b) What steps do you follow in maintaining the invoices?
- (c) How do you maintain commercial invoice?
- (d) What steps do you follow in maintaining commercial invoice?
- (e) Is invoicing necessary for the customer? If yes, why?

Check your progress

A. Fill in the Blanks

1. Invoice is a non-negotiable commercial _____ issued by a seller to a buyer.
2. In certain cases invoice serves as a demand for payment and becomes a _____ of title when paid in full amount.
3. Customs invoice is an extended form of _____ invoice required by customs.
4. Be sure to label document as an invoice in the _____.
5. Terms of payment are _____ important on an invoice.

B. Multiple Choice Questions

1. Invoice is a _____ issued by a seller to a buyer.
(a) non-negotiable commercial instrument
(b) negotiable commercial instrument
(c) Both (a) and (b)
(d) None of the above
2. Types of invoice include _____.
(a) commercial invoice
(b) consular invoice
(c) customs invoice
(d) All (a), (b) and (c)
3. The invoice also called as a _____.
(a) bill of sale
(b) contract of sale
(c) Both (a) and (b)
(d) None of the above
4. Commercial invoice tracks the sale of a product for _____.
(a) inventory control
(b) accounting
(c) tax purposes
(d) All (a), (b) and (c)
5. An invoice generally does not contain _____.
(a) company information
(b) manufacturer information
(c) header
(d) date, invoice number and unique identifier

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C. State whether the following are True or False

1. Invoice shows the date of shipment and mode of transport, prices and discounts (if any), and delivery of goods and payment terms.
2. Invoice typically does not have a unique identifier.
3. A customs invoice is a document that states a commitment from the seller to provide specified goods to the buyer at specific prices.
4. The total amount due should be prominently displayed on the invoice.
5. The invoice date does not represent the official date on which the goods have been billed.

D. Short Answer Questions

1. What is an invoice?
2. What are the types of an invoice?
3. Why is it important to issue an invoice upon sale?

E. Check Your Performance

1. Prepare a chart of contents of invoice in retail store.

